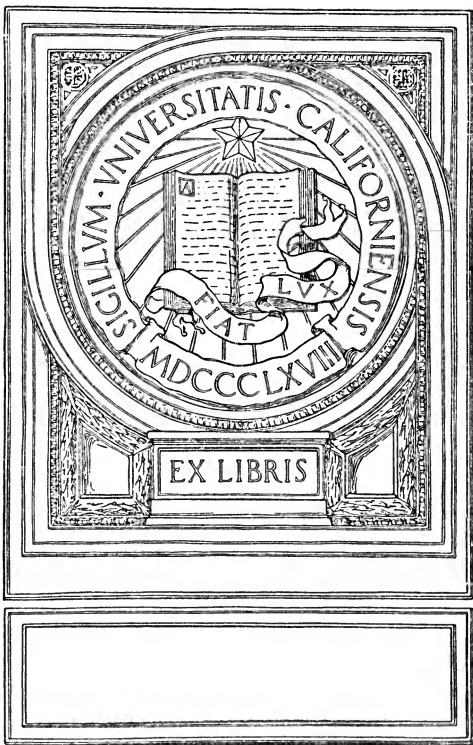


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The Future of Trades- Unionism and Capitalism in a Democracy

By
Charles W. Eliot, LL.D.
President-Emeritus of Harvard University

Being the Larwill Lectures for 1909



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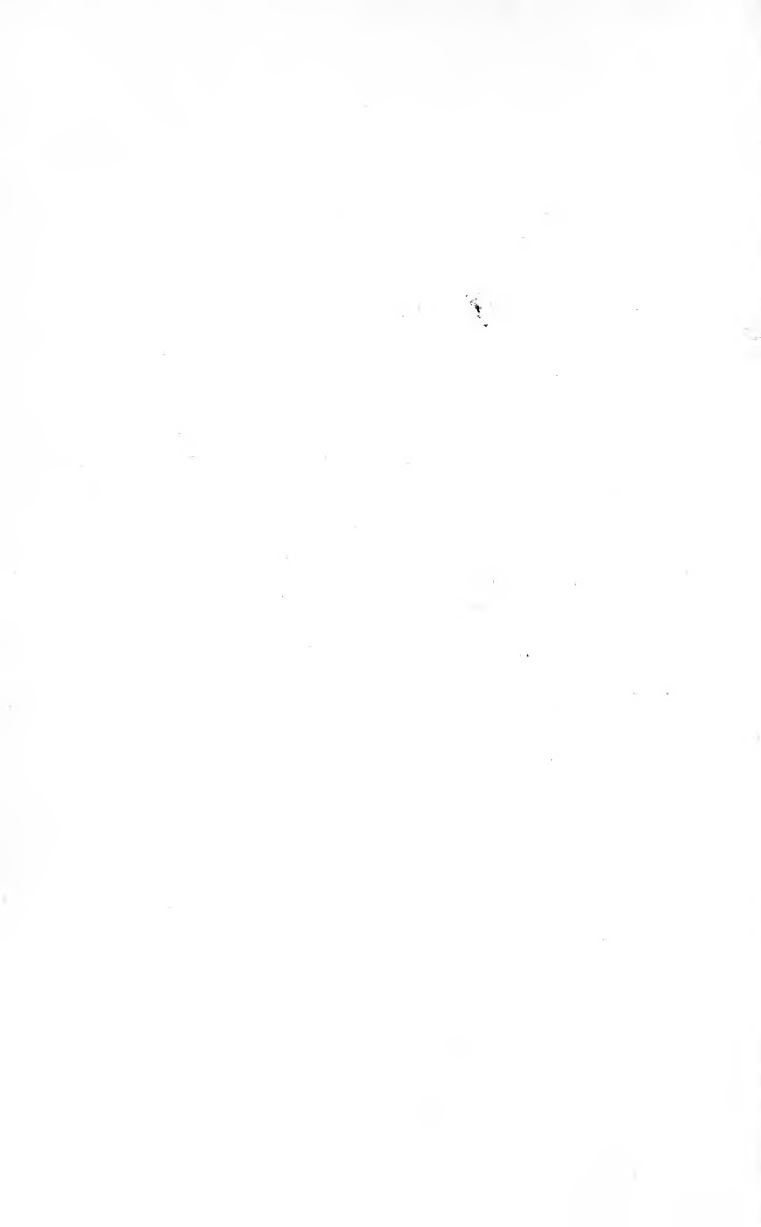
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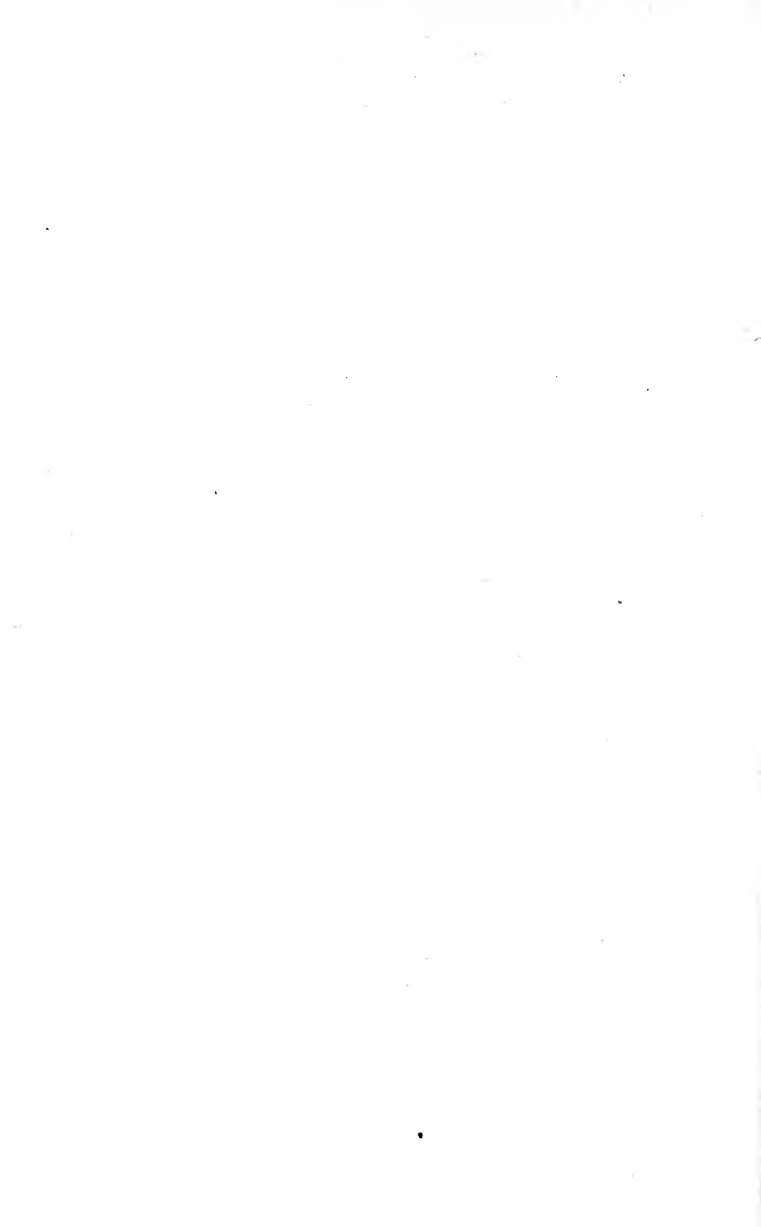
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PART I

THE FUTURE OF TRADES UNIONISM IN A DEMOCRACY

THESE lectures are to deal with the effects of democracy on the future of trades unionism and capitalism, two sorts of powerful combination which have grown greatly in size and strength in all civilized countries within the past twenty years. The specific question which will frequently recur during the progress of these lectures is this: What effect has democratic government had on these two great industrial combinations or associations, and what effect should it have in the future?

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Incidentally, we shall also touch on some effects which these combinations have had on democratic government itself. The interest of the inquiry is all the greater because most Americans believe that the main source of American efficiency is the high degree of social and industrial liberty which has existed from the beginning in the New World.

All civilized nations now permit the formation of industrial associations, both of workmen and of proprietors. So much of public liberty has now been won,—a measure of liberty which was unknown before the nineteenth century, so far as workmen were concerned. Companies of merchants or adventurers, organized for purposes of trade, had long been familiar, like the Hudson Bay Company,

the East India Company, or the Virginia and North Virginia Joint Stock Companies which were formed in 1606 for the establishment of two colonies on the Atlantic coast of America. The invention of the corporation with limited liability, near the middle of the nineteenth century, was, however, the starting point of the tremendous expansion of capitalistic association,—so recent is the creation of what we now understand by an industrial or financial corporation, with its capacity to bring together and control great masses of capital, and to give employment to multitudes of laborers. It is the legislation of the most democratic nations which has made legal these huge combinations of workmen and of capital employed in the same business or trade. Democracy is indeed

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7. responsible for the existence of these formidable combinations, and it is therefore for democracy to make and keep them contributory to the welfare of the democratic masses.

It is to be observed, in the second place, that it is the applied science of the last sixty years which has made possible huge associations of workmen or capitalists, numerous as regards membership, and covering large areas of the national territory, or even the whole of it. The modern means of communication by steam and electricity have made possible quick and simultaneous action by great bodies of men. A common interest, or a common feeling or passion can get expressed in action over half the continent within a few hours. Organized labor and organized capital have both learnt to avail

themselves of these facilities with promptness and completeness. Both are accustomed to act in secret, until an appeal to public opinion becomes necessary; and both combinations desire and seek a monopoly, or as near an approach to monopoly as circumstances permit. Now democracy must always distrust secret organizations which aim at exerting a strong and even an overwhelming influence on affairs which nearly concern any considerable portion of the population. Furthermore, freemen have always abhorred monopoly, and are likely to continue to abhor it. Every American citizen who has something to sell hates to find, on trial, that there is only one buyer for his commodity; and every citizen who wishes to buy something is vehemently opposed to any public or

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9. private arrangement which results in there being but one seller. Historical instances of these feelings on the part of men who thought themselves free are abundant; and so are recent exhibitions of the same feelings. Many modern governments carry on manufactures as monopolies in order to raise revenue in an indirect way; but this ancient practice has never commended itself to the American democracy. What the democracy asks of its government is, that it regulate inevitable monopolies, and prevent any others, or, in other words, the democracy expects its government to prevent monopolies from limiting production and determining prices in their own interests without regard to the interest of the community. The labor unions on the one hand and the

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corporations on the other have created such large and extensive combinations that no power but that of government can deal with them successfully. Hence the general democratic demand for the governmental regulation of all public utilities, including mines, and of all the combinations—trusts or unions—which deal with necessities of life.

In order to appreciate the probable effects of democracy on the future of trades unionism and capitalism, it will be necessary to keep in mind the objects and ends of democracy. These are freedom and appropriate opportunity for the individual, wide though not equal distribution of property, and the untrammelled pursuit of the durable satisfactions of life. The effective democratic powers for good are the intelligence of the mass

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of the people increased through universal education, the efficiency of the people at work through the exercise of individual liberty and co-operative good-will, and the maintenance throughout the life of each individual of the hope and expectation of improving his own, or his family's lot. We shall have occasion to inquire how far trades unionism on the one hand and capitalism on the other are in sympathy with these ethical and economic principles of modern democracy.

We shall also have occasion to consider how trusts and unions have alike abused the new powers of association which free governments have conferred on them. Public liberty gave the rights which these combinations exercise, and is therefore the source of the good they do; but public liberty is also responsible

for permitting abuses of the powers itself conferred. The abuses now too frequently permitted are very serious, because they restrict or destroy the individual freedom of workman or proprietor; and this freedom is the main source of American efficiency.

The subject of the first lecture is "The Future of Trades Unionism in a Democracy." Trades unionism came into being under undemocratic forms of government shortly after the new developments of mechanical power changed completely the methods and conditions of many fundamental industries. While the human race gained many advantages from the advent of steam-driven machinery and factory organization, great abuses accompanied these innovations. Good and evil for the producing laborers

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and for the consumers were intimately blended in all the new factory industries. The methods of the new trades unions, organized to improve the condition of the laboring people, were necessarily the methods of fighting, violence, and war.

The conflicts of the employed with the employers were often barbarous and cruel on both sides. Nevertheless, the efforts of the unions were gradually successful. Through them higher wages and shorter hours were procured at a time when no disinterested and humane person could doubt that wages were too low and hours too long. This clear success gave the working people confidence in the violent methods employed. The United States was slow to import from England trades unions and their practices, because the industries which

required mechanical power and factory organization were developed later here; but when such industries had been established in this country in considerable numbers, and when, moreover, large numbers of persons of foreign birth came to be employed in those industries, the trades unions became potent in the United States; and for the most part they adopted the same policies which they saw had been successful under more trying conditions in Europe. Gradually new policies, looking toward the creation of a monopoly of labor in each particular trade by the union of that trade, came into use. I invite your attention first to a consideration of these monopolistic policies.


The first is the limitation in the number of apprentices that shall be employed

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in a given trade, or rather in a given manufacturing establishment. The rules of many unions prescribe the number of apprentices that shall be employed in any industrial or producing establishment in proportion to the number of journeymen employed, and this limit of the number of apprentices is ordinarily far below the number which it would be for the interest of the proprietor to employ. The object of this limitation is to keep down the number of journeymen in the trade, so as to prevent the coming into the trade of a number of persons so great as to affect the rate of wages, or, in other words, to produce within the trade an undesirable competition for employment. With a similar intention, trades unions have in general resisted the introduction of trade schools into public-school sys-

tems, and have also been disposed to interfere with the work of private or endowed trade schools. They thought they saw in such schools a danger of an over-supply, from their point of view, of competent candidates for admission to the trades. Of late years, however, the attitude of the unions toward trade schools has become less hostile than it formerly was, partly because of the ease with which trades unions have in many communities enlisted the graduates of trade schools, and partly because of the steady rise of wages in most trades in spite of the advent of trade school graduates. The policy of limiting the number of apprentices flies in the face of the American doctrine that education should be free to all, and should furnish a useful training for the practice of any



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art, trade, or profession. Moreover, it is a selfish and monopolistic policy without mitigation. Its object is to keep down the number of workmen in the trade concerned, to raise wages, and thereby to make the product scarcer and dearer. In many unions the rules make apprenticeship unnecessarily long; so that all the instruction to be obtained as an apprentice has been received long before the apprentice is permitted to become a journeyman. The same lesson is given a thousand times, when the youth can easily assimilate its substance and acquire the corresponding skill from only a hundred repetitions. Furthermore, many unions lay down rules which make it hard for a journeyman to become an employer, prescribing, for example, that no one shall become an employer until

he is prepared to employ a specified number of journeymen. Such rules tend to stiffen every class or set of mechanics or operatives. Each class is hard to get into, and still harder to get out of; so that the true democratic mobility between classes or sets of working people is seriously impaired. In the useful organizations representing the professions and other liberal callings there is nothing which corresponds to this stiffening of social classes brought about by trades unionism, and in trades unionism itself there is no need of it. It is a survival of the fighting times of trades unionism. Every fighting organization is compelled to sacrifice in large measure the individual liberty of its members. Herein unionism and democracy are in absolute opposition.

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What is the purpose?

Two other monopolistic inventions have, within years comparatively recent, been adopted by trades unionism, the boycott, and the union label. The boycott is intended to prevent all persons from buying, or even handling commercially, articles not made by union labor; and the union label is intended to support the boycott, and to enable and induce the public to discriminate against articles which do not bear the label. The object of both policies is to secure all the productive labor in a given trade for union men; to this end articles or goods made by non-union men must find no market. The monopolistic aim of these policies is perfectly plain, although it is often denied by labor leaders, who dislike to have that word applied to their own practices.

Any strong union will be very strenuous in resisting any trespasses on what it regards as its own province or field of labor by members of other trades or indeed of other unions. Thus, for instance, if a union man who is putting into a new building the tubes which enclose electric wires should use a hammer and cold chisel to cut a little recess in a brick wall to accommodate the small box through which the direction of the tubing is often changed, all the bricklayers employed in the building would lay down their tools—the wiring man would be trespassing on the province of the Bricklayers' Union. This policy is monopolistic in the highest degree and, moreover, increases the total cost of every building which requires the services of members of various crafts. It also tends

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to narrow the field of each trade, thereby diminishing the variety of interest in the work of the trade and the variety of personal capacity to be gratified therein.

How about the purpose? How about the unfortunate worker?

Many unions refuse to handle in their respective trades materials made by non-union labor, or coming from factories which are not conducted exclusively on union rules. This policy, if carried out successfully by a strong union which covers a large area, is capable of forcing the manufacturer to unionize his establishment; whereupon the unfortunate consumer is likely to be at the mercy of the manufacturer and the union combined.

These monopolistic combinations are often entirely successful in the United States, or in large parts thereof, particularly in the building trades, and their

recent successes account for a considerable portion of the great rise of prices which has taken place in this country during the last five years. The manufacturer of plumbers' supplies, for example, makes an agreement that he will sell only to jobbers and to plumbers. The jobber agrees that he will sell only to plumbers. The plumbers are all union men. The owner of a building under construction cannot buy plumbers' supplies unless from some independent manufacturer who is not in the combination. If he buys of such an independent manufacturer, the plumbers at work in his building will not touch the materials he has bought. In the district covered by such an agreement there is no competition which is really free. If there are plumbing materials produced under union

Is there
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Is competition
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desirable
purpose?

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rules which differ in merit or availability, the owner or builder may have some choice among those various products; but it is easy for the group of manufacturers to arrange prices to suit themselves, and the consumer will probably find himself at their mercy. The root of this serious difficulty for the average consumer is in the policy of the unions not to handle non-union-made materials. It is a strong monopolistic policy which practically destroys free competition. A farmer out on the prairie who with his son can himself screw pipes together and set up a sink or a bowl may be able to buy his materials of independent manufacturers; but the dweller in towns and cities who does not possess the farmer's skill or enjoy his privacy has no defence against the plumbers' monopoly. As

a rule, the employing or contracting plumber is equally defenceless.

It would be hard to exaggerate the intense opposition between all these monopolistic policies and the individual freedom in education, in family life, in productive labor, and in trade, which is the object and end of democracy.

The limitation of output is a trades-union practice which combines in an unwholesome way a selfish unfaithfulness to duty in the individual workman with a deceptive notion of philanthropic interest in fellow-workmen. It seems to be based on the idea that the amount of work to be done in any given trade at any given time is a fixed quantity, and that the smaller the contribution each workman makes to that fixed quantity, the more workmen must be employed to

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slow down
accomplish the total task. Therefore, the less each workman does in a day, the more of his comrades will get employment. Wherever this policy is successfully carried out, the result is that the individual trades unionist does a day's work much below his reasonable capacity, to his own demoralization and the destruction of real good-will between employer and employed. It is impossible for a workman to preserve his own self-respect or his own personal efficiency, if he habitually works for day's wages at a speed below his natural personal capacity. If this policy should be successfully carried out in many large-scale industries throughout the United States, the efficiency of the population at work would be seriously reduced within ten years, and the reduction would be pro-

gressive. No man, however well educated, intelligent, and naturally ambitious, can long resist the effect on his own character of working in the way prescribed by many unions to limit output. He will soon become an indifferent, unambitious workman, without any genuine good-will toward either his employer or the public; and the pretended altruistic motive in favor of his fellow-workmen in the same trade will not protect him from this degeneration, because it is vague, uncertain, and selfish for his class, as well as for himself. This limitation of work is the most degrading of all the trades-union doctrines and practices; for it destroys the enjoyment of achieving, and that enthusiastic pursuit of an ideal which makes work done in an artistic spirit and with good will a durable

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satisfaction throughout life. It defeats the true democratic standard for a workman's life — increasing intelligence, efficiency, personal liberty, and coöperative good-will. In resisting to the utmost this doctrine of the limitation of output, the associations of employers are defending democracy, and promoting the prosperity and happiness of the laboring multitudes.

Another trades-union doctrine that has had a very unfortunate effect on individual character is the doctrine or practice of the minimum wage. All members of a union—in the carpenter's or mason's trade, for example—must receive, when employed, a certain wage called the minimum. In practice that wage turns out to be a uniform maximum wage, and it is ordinarily put at a level above the

worth of the less skilful workmen, and below the worth of the most skilful; and no distinction is made between the young man who has just been admitted to the union and the older man who possesses a much higher degree of skill. This practice is for the pecuniary interest of the younger and least skilful workmen, who, as a rule, predominate in the union, or at least are its most assiduous members.

The first effect of this practice is to deprive the younger members of a union of all motive for improvement. No amount of personal merit can procure for the young member of the union an advance of wages. He receives at the start the uniform wage, and the veteran who is a member of the same union is receiving no more. No effort on his part can raise his wages. The only way

How much could he raise them by own efficiency anyhow?

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in which a union man's wages can be advanced is through the collective bargaining of the union, and any advance effected by the union will take effect on all workmen, good, bad, and indifferent—so far as employment can be procured for them. No increase of skill or efficiency in the individual workman will avail to increase his income. The disastrous effect of this policy of the uniform wage on the desirable and happy increase of intelligence, efficiency, and good will as life goes on, is perfectly apparent. The contrast between the effects on the individual workman of the employments regulated by unions and the effects of the liberal and artistic professions on the individuals comprising them is striking indeed. It is one of the principal attractions of a profession or an artistic calling

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that the progress of the individual depends on his own personal merit and industry. For a successful man in these callings the compensation rises throughout life. It may begin small in comparison with the wages of a young unionist in a trade; but it rises soon and much higher. The professional man or the artist has the joy of personal achievement and the rewards appropriate to rising merit. Now every successful artisan ought to win that joy, and analogous, if not equal, rewards. The trades-union doctrine of the uniform wage stands squarely in his way. The union represses ambition for excellence. It is true that labor leaders and representatives of trades unionism often allege that the unions have no objection to the employer's paying more than the minimum wage; but this state-

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ment by no means meets the objection to the general policy of uniform wages, and, moreover, that policy is supported by the limitation of output and by the serious objection made by most unionists to "pace-setters" and other zealous or unusually rapid workers. The fact is, that the unions think it necessary to sacrifice individual liberty, and all that comes of it, to the necessity of standing together for a higher minimum wage. Now a true democracy means endless variety of capacity freely developed and appropriately rewarded. Uniformity of wages ignores the diversity of local conditions as well as of personal capacity, obstructs the ambitious workman, cuts off from steady employment those who cannot really earn the minimum wage, and interferes seriously with the

workman's prospect of improving his lot.

It is high time it should be generally understood that trades unionism in important respects works against the very best effects of democracy. It is the practices of the professions, the higher walks of business, and the artistic callings, which best illustrate the fortunate results of genuine democracy on personal character, or, in other words, the effects on individual character of the utmost liberty under law.

In contending against the uniform wage and the limitation of output, employers in many highly organized industries have resorted to the method of compensation called piece work, and to a systematic subletting to a group of workmen who among themselves make their

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own bargains, of the labor of constructing some part of the total machine, garment, piece of furniture, or other object, which is the product of the factory concerned. Either of these arrangements makes it possible for the employer to determine with an approach to accuracy the labor cost of the article he produces, and makes him independent of the union's scale or schedule of wages. Either of these methods affords scope for the meritorious or able individual, and is therefore much to be preferred by the workman, unless the stimulation to the individual is so intense, and the piece or contract work so limited and monotonous as to become unwholesome. Unfortunately there are many industries to which piece work and contract work are not easily applicable. Moreover, the

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unions, as a rule, oppose the use of these methods of compensation.

The multiplication of trades unions and their strength at last compelled manufacturers to form associations capable of resisting the powerful unions. It was much more difficult to form strong associations of owners or employers than to form trades unions, and it was only recently that the manufacturers' and employers' associations really came into effective existence. The fact seems to be, that neither combination, if vast and successful, is endurable in civilized society without the other. Either alone would be intolerably tyrannical. A single manufacturer, or a single railroad, finds it very difficult to resist the strike or the boycott; and the unions became ingenious in attacking one proprietor or

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one corporation at a time, or in attacking a public-utility corporation in one city at a time, or the railroads in only one section of the country at a time. In short, they learned how to conquer by dividing or distributing their attacks.

The necessity of encountering associations of employers which were as widespread and comprehensive as the unions, and fully as strong, led the unions to the invention and development of the joint agreement which is an agreement concerning wages, hours, and conditions of labor, covering a specified period, and made after conference between a union or unions and a manufacturer or an association or group of manufacturers.



It has often been said of late that the joint agreement is the real goal of unionism. The capitalist, or the associa-

tion of capitalists, is forced to deal with
the union, and not with individual work-
men. The union secures collective bar-
gaining, and is much more vigorous in
that bargaining than the individual work-
man could possibly be. The parties to
the agreement are strong and resolute,
and yet both dread a stoppage of work.
Evidently this sort of negotiation, what-
ever its outcome, is much to be preferred
to destruction of property, fighting be-
tween union men and non-union, and the
arrest of production, particularly if the
industry concerned has to do with neces-
saries of life or with transportation. In
short, the joint agreement is an improve-
ment on industrial war; but its plain
tendency is to determine wages and con-
ditions of work on the one hand, and
profits on the other, with the least pos-

good thing

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sible regard to the consumers. In the discussion of any joint agreement the fundamental question must always be—what terms can the two parties acting together exact from the community at large? The two combinations are both monopolistic in desire and tendency. Can they settle their differences by a compromise, and force the community at large to pay the cost? If they think they can, they will; for that is by far the easiest way to adjust their differences and keep the industry going, which is for the interest of both the contending parties.

In democratic society, however, the effects of the combined action of these two powerful organizations, of labor on the one hand and capital on the other, can be checked in three ways, which involve the use of no autocratic power,

but depend on the voluntary action of the mass of the consumers, which is also the mass of the voters.

The first way of resisting the monopolistic force of such a combination of a corporation with a trades union is the immediate and widespread reduction in the consumption of the article affected by the monopoly. The consuming power of the American people for any given article of food or clothing or building material is distinctly limited, and much more closely limited than people suppose. A considerable rise of prices forces multitudes of the common people to give up using articles to which they have been accustomed, or to reduce the amount they use. Prices easily become prohibitive for a large portion of the population. Cheaper materials thereupon

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Boycott

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replace the dearer. Thus cheaper and poorer woods replace pine, soft stones replace hard, concrete comes into use instead of brick or stone, stews replace roasts, and cotton fabrics take the place of woollen. This all means that in an intelligent and wide-awake democratic society, which does not dread but rather likes the new or novel, and is not the slave of tradition, the consumption of any article which has become subject to a monopoly may be suddenly and effectively reduced. Even the most solid monopolies fear the abstinence of the consumer.

② The second method of resistance to monopolies in the United States depends on American inventiveness. In this country invention progressively develops new materials, tools, machines, and structures, which may impair the value of the

stock-in-trade of established industries and trades, and ultimately compel modifications of their plants, products, and policies. Thus, the invention of mercerized cotton and the great extension of its applications in the arts have in recent years equipped the American people to defend themselves against the high prices of silk goods. The mass of the people have replaced silk goods in large measure with cotton goods, made to look and feel like silk. Again, the high wages in the building trades and in the trades which prepare building materials, and the high price of land have developed the tall apartment house and the tenement house in closely built cities where land is dearest, and the wooden three-decker in suburbs. The ordinary American family, whose bread-winner earns from fifteen to

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twenty-five dollars a week, has thus been forced into much smaller quarters than it used to occupy in its separate house with a bit of land about it. Tolerably effective resistance has thus been made to the rise in the cost of building, and therefore in rents; and this resistance has been made possible through a long series of inventions and contrivances worked out by architects and builders. The ultimate result—the crowding of the family into a few small rooms—is much to be deplored; but the American consumer has demonstrated on a large scale that he knows how to take advantage of new inventions and contrivances to meet the adverse conditions forced on him by monopolistic combinations of laborers and capitalists acting together under joint agreements. This check on mon-

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opoly is, however, less effective in the United States than it is in England; because American law permits an industrial corporation or partnership to buy and pocket any patent which threatens to modify its business; whereas in England the buyer of a patent must make use of it within a reasonable time, or the patent is invalidated. There is urgent need of a change of American law in this respect.

The third democratic remedy for the evils brought upon the community by monopolistic combinations is legislative regulation. This remedy has been brought into use in the United States because of the attempts of monopolistic combinations to control the supply or price of necessities of life, such as water, light, fuel, food, and steam and electric

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transportation. The intervention of government has oftenest taken place concerning fuel, light, and transportation; but it is always at hand ready to be called on to limit monopolies, and able to enforce its orders through courts and special commissions. Those perfect monopolies, patents and copyrights, have shown legislators and lawyers how monopolies in general, either natural or artificial, may best be regulated. They may be limited to specified periods of time or to specified areas, or, as in the case of railroads, to specified rates. Democracy will probably take more kindly to the regulation of monopolies than any other form of government; because it takes more thought than any other form of government for the welfare of the silent but voting masses.

It is under these limitations, then, that any industrial combination, whether of laborers or of capitalists, must work in a democracy. Under earlier forms of government, the worst monopolist was often the government itself. Under democracy, the government may, through its tax laws, including tariffs, become the protector or promoter of some monopolies, but does not itself conduct any monopolized industry for a profit.

A very undemocratic element in the conduct of both labor unions and employers' associations is the secrecy with which the business they think important is conducted. The object of this secrecy is in both cases preparation for war. The labor union which is planning a campaign for higher wages, shorter hours, or improved conditions under which to

perform their labor, thinks that the blow they are preparing to deliver must be struck on a sudden without warning to the employing person or corporation. A proprietor, personal or corporate, who is contemplating a lockout or a reduction in wages feels in the same way about the necessary suddenness of the announcement. In either case the blow must be struck without giving the other party time to prepare a defense. In all such cases the industrial dispute begins in the most disadvantageous manner, that is, with a deep sense of injury on the part of the party surprised. One of the objects of the admirable Canadian Act called the Industrial Disputes Investigation Act was to prevent this suddenness of attack by either party to a dispute. It provides that no strike and

no lockout shall be legal until the dispute has been thoroughly investigated by an impartial tribunal, and the finding of the tribunal made public. The Act provides for no arbitration whatever, and depends wholly upon the complete publicity which either party to a dispute may secure. The Act, however, does prevent a sudden strike or a sudden lockout, because the appointment of a tribunal and its action usually requires from four to six weeks. Meantime, public opinion has been thoroughly informed concerning the causes of the dispute, having received the report of a special tribunal appointed in an equitable manner to investigate the dispute with all possible publicity. This Act has now been in force for three years, and the experience of Canada under it

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is in the highest degree promising. If any party to an industrial dispute exhibits distrust of publicity, the probability is that there has been something in its conduct which it fears the public will not approve; it is not sure of the real equity of its conduct. The whole reliance of this Canadian invention is on the effect of publicity concerning industrial disputes. This accounts for the provision that either party to a dispute may secure the appointment of an impartial tribunal. The consent of the other party is not necessary, though it is desirable. For preventing industrial warfare, the provisions of this Investigation Act are much wiser than those of any arbitration procedure thus far devised. Experience has proved that arbitration means compromise between opposing

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claims, and it is uniform experience that the prospect of a compromise exaggerates the claims of both parties. Moreover, there are many industrial disputes which should not be settled by any compromising adjustment. The arbitration method as practised in industrial warfare is an actual promoter of hostile relations and future strife.

A discredited method in industrial strife is the sympathetic strike, or the strike of men who, having themselves no grievance or subject of complaint, abandon their work to support a union or unions in some other trade in which war is going on between employers and employed. The sympathetic strike was used frequently a few years ago as a formidable weapon of offense against employers as a class; but it turned out that


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this proceeding did not commend itself to the popular judgment; so that instead of strengthening the position of the strikers who had a grievance it really weakened it. The comparative disuse of the sympathetic strike is a good illustration of the effect of public opinion on labor-union policies. The frequent failure of boycotts is another illustration of the real control of public opinion over trades-union policies, when those policies run counter to the average judgment of the democratic masses. The boycotts ordered and maintained by the American Federation of Labor have frequently failed of their object, although it is only in recent years that the courts have begun to defend society from these outrageous interferences with industrial liberty.

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*Liberty to
exploit*

In the United States the so-called general strike has never been attempted, although in one recent instance it has been threatened. Such strikes have been attempted several times in Europe, but usually with some purpose of a reformatory or revolutionary sort. American labor leaders have seen clearly, first, that the general or universal strike is impossible for any length of time, and secondly, that democracy would not tolerate a general suspension of industries with no other object than to promote the pecuniary interest of a single class, or of any set or group of workmen however large.

It has been the greatest reproach of trades unionism that it does nothing to prevent the use of violence in industrial disputes. A hundred years ago, or even fifty years ago, in Europe violence and



disorder were the inevitable accompaniments of all strikes, and the public force of police or soldiery that stopped violence and prevented the destruction of property was directed by autocratic or oligarchic governments which represented the opinions of only the upper classes of society.

It is very different in this country. It is the great mass of the people in a democracy like that of the United States which resents mob violence, the destruction of property, and the breaking of the public peace; and in consequence a strong public opinion at once begins to set against any striking union or group of unions which takes to violence. It is only a question of time when this public opinion will get expression in the vigorous use of the public protective force. In remote or sparsely settled regions, where

no adequate public protective force exists, violence in strikes may be for a time successful; but it is almost sure to be defeated in the end by a superior force which fights for order and the public peace. In the repression of public disorder of any sort a democratic government will often use the public force sooner and more severely than a despotic or aristocratic government would dare to do. The reason is that the public force used is itself a democratic force, commanding the sympathy and support of the great body of the people. Exceptions to this general principle sometimes occur; but they are almost always cases in which mob violence is used in support of a widespread popular prejudice or in sympathy with some popular passion. It may reasonably be expected that trades

violence given
- authorized by
the Union.

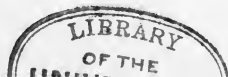
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unionism will more and more give over the use of violence during strikes; and the reason will be that the democracy is offended by violence, and the cause of the strikers is weakened thereby.

Any one who has been long engaged in the work of teaching will necessarily have a strong sympathy with much of the work that labor unions have done in the world, and with some of the principles which still animate them and make their strength. A teacher or an educational administrator has probably been himself employed under humane conditions, and the work to which he has been devoted is presumably a process of gradually uplifting human society, or that part of it which is within his field of influence. Now the members of trades unions, as a rule, believe that the work of

the unions tends to uplift the laboring masses. They believe that when they engage in industrial warfare to get more pay or more leisure they are also fighting to improve the general condition of their class, though at a present sacrifice. The complaint that the hand-worker does not get his share of comfort and enjoyment in this world is centuries old, and has often been well-founded; and the efforts which trades unions have made to improve the conditions of employment in all the chief industries which support civilized society are so commendable that society at large ought to be patient with the false theories or bad practices which have impaired or counteracted the good effects of their work, such, for example, as restrictions on apprenticeship, limitation of output, advocacy of the boycott

Apology



and the union label, failure to punish violence on the part of their own members, and the persistent effort to drive all the workmen in a given trade into the union in order to secure a monopoly of labor in that trade. A further illustration of the mixed good and evil in their work is their administration of their benefit funds. Many unions offer sickness and death benefits to their members, particularly to members who have maintained membership during a considerable number of years. These benefits, however, are sacrificed if the old member withdraws from the union or is expelled. The benefits acquired therefore by long membership in a union may be used and are used as means of discipline to enforce the payment of fines and to prevent withdrawals. Such a

loss of rights acquired by payments made through many years is not allowed in the life-insurance business or in any well-conducted benefit society. Moreover, funds held by unions, which ought to be appropriated to securing the payment of benefits to which their members have acquired a right are often sacrificed in the emergencies of a long strike—that is, they are used for war purposes at the discretion of the officers of the union. Under such circumstances the union will spend any money within its reach for what it calls defence.

The motives of trades unions during the first two-thirds of the nineteenth century might in general have been accurately described as humanitarian; but of late, since high wages and short hours of labor have been secured, the

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motive most frequently in evidence has been the desire for higher pay. The democracy is not deceived on this point.

It sees clearly that the common object of a union in striking is now to secure higher pay by the hour or day, or higher pay for work done in overtime, any vigorous man or woman being perfectly competent to work overtime. The sympathy of the democratic masses with the unions has therefore diminished in recent years, because a selfish pecuniary motive is not so attractive to the democracy as a humanitarian motive. The democracy also perceives that the working of some of the union rules is not humane, but harsh or even cruel. Thus, the prescription of a uniform wage is cruel to the inferior workman who is not worth that wage. He cannot satisfy his employer

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of have the
right to
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a new hour.*

at that rate, and though he may get spasmodic employment when his industry is in a prosperous state he finds himself out of work whenever a downward turn in that industry occurs. In short, the uniform wage is cruel to the journeyman who is not worth it, and to the old man whose capacity is diminishing. The uniform wage is also the means of keeping women out of many employments which the unions think should be reserved for men. The unions will consent to the employment of women only on the condition that women receive as much pay as men. Now many a time women are really not worth as much as men; therefore they are not employed at all.

[Handwritten notes in right margin: " = pay for = work" with brackets and arrows pointing to "The uniform wage" and "as much pay as men"]

The belief on the part of the leaders of trades unionism that the length of the day's work should be universally

* the same has led them to advocate uniform legislation applicable to a great variety of trades as to the number of hours which should constitute a day's work. The fact is, however, that different trades are very unlike as regards the intensity of attention demanded from the workmen and the amount of muscular exertion required of them; so that it is not reasonable that the same number of hours should constitute a day's work in such different employments. The amount of variety occurring in a day's work should always affect the length of the day's work. In the carpenter's trade, for example, or the plumber's, or the motorman's, there is change from hour to hour, or even from moment to moment in the things to be done, whereas piece work in a shoe

factory or a machine shop may be extraordinarily monotonous and incessant in its quality. Thus, farm labor, house work, teaming, mining, quarrying, and many building trades present great variety, whereas tending machines is usually monotonous. Some industries require absolutely continuous operation through the twenty-four hours and day after day, as, for instance, pig-iron furnaces, lime-burning, and carrying vessels across seas. Others can be profitably conducted eight, nine, or ten hours out of the twenty-four. The workmen in some trades have no intervals of comparative repose; in others the day's work is broken by many such intervals. Many industries are much affected by the season of the year, so that they must be very active part of the year, with a long

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there.

day's work, and comparatively quiescent at another season, with a short day's work. These diversities make it very unwise to prescribe the same number of hours for a day's work in all industries. The reasonable amount of labor for a man or a woman cannot be put in all industries into the same number of hours per day; so that uniformity in that respect is not a rational or expedient aim.

Trades unionism formerly endeavored to prevent the substitution of machinery for hand labor, and to restrict, so far as possible, the use of machinery in all unionized trades. This policy has, however, undergone many favorable modifications, although a belief in it lingers and occasionally finds forcible expression. The introduction of the linotype and

monotype into the printing trade was resisted in many ways, direct and indirect, and some of these resistances still linger. An employing printer whose shop was unionized could hardly use a small number of these typesetting machines, because the unions prescribed that the operator of one of these machines should never himself repair or put in order his machine temporarily disordered. The operator whose machine gave out must lie back and call for the machinist, although he knew perfectly what was the matter with his machine, and could himself rectify it. The employer, therefore, must have use for machines enough to warrant the steady employment of a competent machinist. This was an ingenious application for restrictive purposes of the principle that one trade

must not interfere with the province of another.

*Approved
for closed
shop.*

The unionist demand for the exclusion of independent workmen from shops in which union men are employed has been enforced successfully in many American industries in which the "closed shop" has come to prevail; but in recent years many large employers are making head against this monopolistic practice on the part of unions. The closed shop is supported by two results of experience; the first is the admitted fact that in many trades it is impossible to employ in the same room two sets or sorts of men who are not on good terms. It is easy to spoil maliciously the work of a man whom one wishes to disturb or annoy. Benjamin Franklin in his *Autobiography* points out that in the printer's

business it is impracticable for a journeyman to resist the demands of a majority of his fellow journeymen. He refused to treat to beer when he first got employment in a composers' room in London, but found his position so uncomfortable, or rather so impossible, that he procured his transfer into a press room, and there treated his fellow pressmen to beer in accordance with custom, although he took none himself. In working underground it is essential that the men who work in the same crew should feel no habitual hostility one toward another. Another support of the closed shop is the preference of some employers for securing through a union the delivery of a certain number of laborers for an agreed-upon period and at a specified price. There are some industries in

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*I really
omit this!*

which this kind of contract has great conveniences, because it promotes promptness and certainty in delivering their product, and enables the employer to reduce to a minimum the pecuniary risks of contracting to make articles which cannot be delivered for some months after the signing of the contract. Such employers prefer to deal not with individual workmen, but with the head of an international union, or with a padrone or other labor contractor. The "open shop" is supposed to be a shop in which union men or non-union men are hired indifferently; but the so-called open shops are, as a matter of fact, often entirely filled with union men, the employers proclaiming a good general principle under the phrase "open shop," but taking no pains to carry that principle

into practice. On the part of the more venturesome employers and associations of employers the resistance to the closed shop sometimes takes the form of maintaining shops open only to non-union men. Other manufacturers successfully maintain separate factories or establishments for union men on the one hand, and for non-union men on the other; so that they can give employment to both classes of workmen—but keep them separate—and observe year by year which sort of labor produces the best results. It is unnecessary to say that the closed shop is far from being a democratic invention. It is a means of promoting the interests of a certain group or class against the interests of the mass.

A characteristic policy of trades unionism has been to prevent competition in

Closed
shop in
democratic

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the trades it controls. This is, of course, a part of its monopolistic policy. This policy has been supported in the educational and philanthropic world by much denunciation of competition in general. Many people, indeed, have talked about competition as an evil which ought everywhere to be resisted and prevented. Respectable business men have thought it right to defeat the attempts of governments, corporations, partnerships, and individual owners to get competitive bids on work to be done by contract. It has been asserted that competition was cruel and also likely to put into action men's most selfish and hateful passions. Now the fact about competition is that it is a prime means of improvement, not only in industries but in the development of personal character. Competi-

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tion is the great revealer to the individual of his own power and capacity. To know himself is impossible without active competition with other people. A nation protected from competition will soon prove itself unprogressive, sure to decline when its progress comes to depend, not on undeveloped natural resources, but on the trained skill and capacity of the population. In family, school, and college, generous rivalry and emulation are wholesome and animating forces. So they are in the national industries. To defeat competition in any way is therefore to inflict a serious injury on society at large.

*Defense
of competition*

In looking forward to the future of trades unionism in a democracy it is interesting to imagine the permanent functions in a wisely conducted union.

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The unions are sure to continue to exist; for the desire among men of the same calling to form sympathetic associations to promote their common interests seems to have become well-nigh universal. What policies will remain when the unwise policies have been done away with by intimate contact with free institutions, and by growing experience of the precious results of industrial and social liberty? (1) Wherever a sentiment of mutual confidence exists between employees and employer the discipline of a factory or shop can safely be entrusted to an association of the employees as regards complaints, fines, promotions, and even dismissals. It is reasonable that the working regulations in a factory, mine, railroad, or shop, should commend themselves as just and necessary to the

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policy of Union
prevail.

employees who are required to submit to them. (2) The unions will in many industries exercise the right of collective discussion and bargaining concerning wages, hours of labor, shop rules, and provisions for the health and comfort of the work people. All these matters are fair subjects for discussion between owners or managers and workmen, provided that the discussions regard always not only the improvement of the workmen's condition, but also the improvement of the product of the works in quality or quantity, and the maintenance of a stable and profitable business. (3) Unions could perform a valuable function toward society as a whole by urging and procuring the utmost publicity concerning industrial conditions and results, through the publication of annual reports to gov-

ernment on that subject. In all the industries which employ great numbers of people, particularly if they deal with the necessities of life, the public at large has a right to complete information about both processes and results. (4) The unions might make it their prime business to secure training for their trades at public expense, to develop the skill of their members, and to classify them according to experience and skill, promoting in every way the adoption of a wage rising with age and merit. (5) The unions might be active in promoting coöperative good-will from bottom to top of the factory, mill, or works in which each union is interested, inculcating earnestness and alertness in work, a steady profit for capital and management, and a prevailing spirit of liberty, generous

rivalry, and justice. With such functions the union might be fairly expected to contribute greatly not only to the happy development each of its own trade, but to the contentment and productiveness of industrial society as a whole. They will in time cease to resist incorporation, to act secretly, to break contracts, to seek monopoly, to restrict output, and to oppose industrial education. They will trust to discussion and publicity, and have no occasion for fighting of any sort. Far from trying to arrest or destroy industries, one of their strongest interests will be to keep all the national industries moderately profitable, and therefore continuous and free from serious fluctuations.

PART II

THE FUTURE OF CAPITALISM IN A DEMOCRACY

THE public liberty which procured for workmen the right of combination or association secured to capitalists the same right. Now capital is more mobile than labor and more readily concentrated in the hands of a few leaders. Hence, associations of capitalists in corporations, trusts, and syndicates have more fighting force than unions in a serious contest, and are more formidable in democratic society. The unions, though secret, are after all governed by a majority vote, and by

officers elected for short terms; the capitalistic organizations tend strongly to oligarchic methods and practices. The individual capitalist, however, or the single manager of an agglomeration of capital, is apt to value his individual liberty of action much more highly than the single workman values his measure of liberty, and accordingly effective capitalistic associations came into existence much later than effective trades unions. Indeed, as has already been pointed out, capital was compelled to organize in extensive combinations by the comprehensiveness and strength of the labor unions. When once organized, however, the capitalistic associations develop greater fighting power than the trades unions. They can better endure a stopping of income; they can

avail themselves of new inventions or discoveries; and they can enlist the protective forces of society against the violations of public peace and security which seem to be the inevitable accompaniments of industrial warfare on any considerable scale. In short, in carrying on industrial war, corporations, trusts, syndicates, and other capitalistic associations have decided advantages over labor trusts or combinations. The possession of these advantages on the part of capitalists, however, tends to make the general public sympathize with the weaker party in the industrial strife, and this sympathy is often a determining consideration in the ultimate settlement of a specific conflict. To be sure, the sympathy of the public may be misdirected, but that misdirection may not

prevent it from being effective, particularly in short though grave contests. It is, therefore, for the interest of capitalistic combinations to consider how they can win and keep the confidence of a democratic community. Let us then consider first what the democracy demands, and is likely to demand, of capitalists, singly or in combination.

The first thing the democracy expects of its capitalists is sympathy with democratic ideals, and the consequent abandonment of autocratic and feudal-system ideals. It also expects of capital a rational altruism, or at least an enlightened egotism. To the questions of the selfish or narrow-minded financier, manufacturer, or merchant—"May I not manage my own business as I please; may I not do what I will with mine own?"

*Responsibility
of management*

democracy answers—"No." Democracy maintains, on the contrary, that whoever conducts a large business which requires many workmen has a direct responsibility to society as a whole for the humane conduct of his business. He becomes responsible for the health and cheerfulness of thousands of persons. Democracy means to magnify and enforce this responsibility of the capitalist. It will not trust the welfare of thousands of families merely to the capitalist's possible acceptance of the opinion that humanity is true economy, and that healthy and cheerful laborers are the only efficient and economical ones. There is a mass of modern legislation in all the freer countries which bears witness to the democratic intention to enforce on employers humane conditions of employment. All the legislation relat-

ing to the number of hours in a day's work, holding an employer or owner liable for the accidents which happen to people in his employ, prescribing the cubical space to be allotted to each workman in the shop or factory, prohibiting the use as shops of cellars and rooms without windows, insisting on the provision of fire-escapes and similar precautions, and limiting the work of women and children, bears witness to the strong democratic purpose in this regard.

The supremacy of the collective right over the rights of the individual owner or proprietor is recognized in a great variety of modern legislation, which interferes with the liberty of the individual in the interest of the mass. Democratic legislation insists that dirty foods shall not be manufactured, or, if manufactured,

shall not be sold; that impure drugs shall be neither made nor sold; that the sale of patent medicines shall be in some cases prohibited, in others regulated, and in still others permitted only with a label which gives the composition of the medicine. Nowadays an individual owner cannot even build his own house in a city or suburb just as he chooses. He must conform to the local building laws. In certain parts of a city, for example, there must be no wooden structures. In the wooden structures permitted in suburbs, precautions specified by statute must be taken against the communication of fire. All wiring and plumbing in new buildings must be made satisfactory to public inspectors. Democracy limits closely the freedom of the individual capitalist in building his house, his shop, or his

factory; and the capitalist has already accepted many such limitations on his individual liberty. It is altogether likely that in the future democracy will go much farther in these respects, in order to protect the interests of the mass of the people against the adverse interest of the individual producer or manufacturer. The milk industry well illustrates the tendency of democratic society in these respects; for it is more and more controlled, supervised, and regulated, and with good results on the public well-being. Capital, as represented by the farmer and the middle-man, accepts this public control. Democratic legislation is always finding new ways of protecting the welfare of the mass of the people against injuries proceeding from individual capitalists or from capitalistic associations

which carry on productive businesses capable of doing injury by their products or by-products to the population as a whole, or to some large portion of the population. Thus, the fouling of streams and ponds by sewerage or by the rejected materials of factories has been effectively controlled in many States of the Union by legislation which strongly commended itself to the democracy; and the offenders themselves no longer claim that they have a right to do such mischiefs. In short, individual capitalists and capitalistic associations recognize the fact that in democratic society they must take account of the influence of their acts on others.

Another democratic ideal which democratic society may confidently be expected to enforce in the long run on both capital

Capital
in imagination

and labor is resistance to monopoly. Democracy is demanding of capital in plainer and plainer terms, first, that it should not seek a monopoly of its own, either by open force or by indirect means, and secondly, that it should resist the monopolies of the different kinds of labor which trades unionism aims at creating; because every labor monopoly abridges seriously the just liberty of the individual workman. More and more in this country capital recognizes the justice of this demand made by democracy. In the case of inevitable monopolies, like the right of way on public highways, or a complicated telephone exchange, or a useful combination of widespread telegraph and telephone lines, or a widely distributed hydro-electric power generated by a single waterfall,

democracy intends that the management of that inevitable monopoly shall be regulated by the democratic government in the interest of the whole community, or of the consumers of the monopolistic product; and more and more capital itself recognizes the justice of this democratic demand in all the freer countries. Thirty or even twenty years ago it was not uncommon for a city or a state to grant to a corporation a perpetual franchise in the streets of a city or the highways of a town; and it was urged in defence of such gifts made in perpetuity that capital could not be induced to provide desirable transportation facilities, or the gas or electric plants needed by urban communities for the best forms of lighting, or the facilities for convenient communication by telephone unless the

corporation or company providing such facilities received a franchise in perpetuity. The collective interest of the democratic community has now so completely asserted itself with regard to the occupation of the streets and highways by monopolistic corporations that capital no longer expects to be given perpetual franchises. It has been found possible to raise the money needed for such enterprises on charters limited to a definite period, like twenty, thirty, or forty years.

The democratic doctrine that neither capital nor labor should seek monopolies involves the maintenance of competition; but the democracy, while recognizing that competition is indispensable to progress in education, in industries, and in commerce, does not believe in competition without limit. It distrusts the com-

petition which is pressed to the abandonment of profit. It perceives that the competition which is essential to freedom and progress may be maintained without hostility to competitors or destructiveness. As the President of the United States Steel Corporation expressed it at a dinner given by an association of coöperating and competing companies or establishments in the iron and steel industries: "You believe in competition, but not hostility; in rivalry, but not antagonism; in progress and success for all, but not in the punishment or destruction of any." This recognition by capital of the true democratic doctrine of competition over against monopoly is a striking manifestation of the effects of democracy on capitalism.

One of the most intelligent and far-

reaching of democratic ideals is the ideal of an improving lot throughout life for every faithful workman and good citizen, a lot improving as regards earnings, comfort, and the consideration in which he is held by his fellows. Democratic society, valuing this ideal, insists and will insist that capital shall promote it, and advance toward it in all its dealings with labor. To carry out this ideal of the democracy will require much good planning and invention on the part of capital, particularly in the highly organized industries which use machinery and mechanical power. The workman who hopes to improve his lot throughout life must see before him the prospect of a rising wage. He must not receive at twenty-one as large a wage as he can earn at forty or fifty. He must see clearly from

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the beginning that he can improve his earnings and his condition by being intelligent, zealous, and inventive at his work. He must see that every improvement in his own personal skill or capacity is likely to improve his earnings and the respect in which he is held by his employer and his comrades. He must feel sure that all the conditions of his productive labor favor an upright life on his own part and the attainment of happy family life. He must have good grounds for believing that, with good health and no more than the common exemption from calamity, he can himself command an improving lot and an honorable career under the established rules and conditions of the industry to which he has chosen to devote himself.

Under the existing conditions of the

great industries, and particularly of the mechanical industries, capital must make possible the realization of this democratic ideal, if democracy and capital are to be thoroughly reconciled. It is capital that nowadays must provide systematically a rising wage for the individual workman, carry on a continuous sorting of employees with advancement for the profitable employee, make provision for prolonging the full earning capacity of the individual workman, and for keeping at work in appropriate ways employees whose productiveness is declining through age or infirmity. To do this requires, first, an invention of methods capable of yielding these results, and, secondly, a constant supervision intelligent enough and humane enough to win these results on an immense scale and yet through just

dealing with individual workmen. This sort of action is within the competency of capitalistic organizations, independently of government, or trades unions, or any other social power capable of exerting a pressure on large-scale employers. In the future, capital, when under intelligent direction, is likely to share the democratic interest in the welfare of the mass of the population, and therefore is likely to devote more and more attention to the realization of the democratic ideal of an improving lot.

One element in an improving lot is a sure provision, gradually made, against premature disability and the probable infirmities of age, a provision which begins to be made in early life, and is secured by long and faithful service. Some parts of the public service and

many semi-public and private corporations are already providing such means of protection against calamity and infirmity through pension or annuity systems; and such provisions will soon be regular parts of the conscientious employer's function, whether the employer be government, corporation, or partnership. The methods of making this systematic contribution from capital to the welfare of the employee have already been worked out in Europe. They, of course, present a considerable degree of variety, because of the different conditions of the industries in which they are applied; but the best and most generally applied method seems to be the provision of an annuity after a specified number of years of service, an annuity purchased with money withdrawn during a long period of years

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adjusted
for pension*

from the wages of the employee, increased by a direct contribution each year, or by contributions at stated periods, from the employer, and kept at compound interest in individual accounts. This method cultivates in the employee the habit of saving a portion of his income, gives him a comfortable sense of security for the future, and increases his desire to earn a rising wage. It also makes it his interest to remain long in the service of the same employer, and to contribute in every way in his power to make the business of that employer stable and profitable. The contributions of the employer to the fund which buys the annuity are an essential part of this system. Without them the annuity purchasable at the end of a long term of service would be too small. Moreover, the contribution

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of the employer is just, because he will gain much from the satisfactory working of such an annuity system. In the upper grades of a service which is not subject to ordinary business risks, and which maintains long probationary periods before admitting to its permanent places, the direct pension system is to be preferred to an annuity system; but in industrial employments the annuity method with contributions from both employer and employed is more generally and securely applicable, and has decided advantages in regard to the development of sound independent character in working men and women by the thousand and the hundred thousand. This is a field for the best kind of democratic coöperation between capital and labor.

Another ideal of modern democracy

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is universal education, education for every child, and education all through life, and not during the school age, or the school and college age alone. The national industries and politics give far the greater part of the education which ordinary citizens receive. It is of little avail to bring up children well through good schools if they are to be stupefied by monotonous and unimproving labor as soon as they enter upon the industries in which they are to earn their livelihood, and demoralized by low politics as soon as they can vote. Hence the grave responsibility of capital for the education of the masses in a free country. The managers of great industrial establishments can be quite as directly and strongly teachers of the people as the schoolmasters and college professors.

The responsibility of rich men and corporations for the ethical training of their employees grows heavier and heavier with every new generation that comes forward into the factory system. Well-managed factories, railroads, mines, and shops are capable of providing admirable training in obedience, neatness, temperance, courtesy, fidelity, and honesty. In all urban communities this ethical training through the industries of the people should succeed the training in the public schools. Capital, helped by skill in industrial management, now supplies a great part of this training for the mass of the urban population; and in the future under democratic government capital will do more and more of this admirable work, and will do it better and better. The

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possibilities for educational improvement in the mechanical industries are very great. The extreme division of labor and the prevailing use of mechanical power have reduced the educational effect of the single workman's job by making his actual performance monotonous and in a high degree repetitive. Capital aided by skilful management must contend against this evil for the individual, which has accompanied an increase of productive power highly profitable to the community as a whole. To invent the means of giving varied and progressive work to the individual workman, while utilizing machinery to the highest degree possible and developing coöperative simultaneousness in producing each of the many parts of one complex whole, is the important task of

the manager of corporate capital in the future under a democracy. In this way capital can become a democratic agency for making the great body of the people employed in the national industries more intelligent, and righteous, and happier.

The democracy of the future is likely to force on great agglomerations of capital a complete publicity as to their doings and their results; and through this publicity capital may expect to obtain a degree of security against suspicion and injustice which it has never yet enjoyed. The argument in favor of publicity for the receipts, expenditures, profits, dividends, and maintenance and depreciation charges for corporations to which public law gives the immense advantage of limited liability, is irresistible. Already the justice of this

publicity is well recognized with regard to fiduciary companies and public franchise companies, including all those whose principal function is the transportation of persons and goods. The principle is not so well recognized or so extensively acted on with regard to manufacturing companies; but within the near future this principle will probably be extended to corporations of every nature which employ large bodies of men, and which are under the frequent necessity of procuring new capital in large amounts from the public. In a democratic society it is emphatically the interest of the corporations themselves to make all their doings public, for the reason that by so doing they will avoid distrust, secure confidence, and make plain their educational function, and their indispensableness as

purveyors of opportunities for steady productive labor for a large portion of the population. The industrial warfare that has been going on for more than three generations of men has obscured the right relation between capital and labor, when it has not actually established wrong or contentious relations between the two indispensable partners in production; and much of this very injurious obscuring of the good and developing of evil has been due to the secrecy with which capital has endeavored to envelop its operations. Democratic society ought to be enabled to witness all the admirable effects of massed capital intelligently managed. Under such circumstances the democracy will not be jealous of or averse to reasonable profits for capital. A large proportion of the democratic mass become

what a
spectacle

themselves capitalists—that is, they own their houses, or their farms, or a deposit in a savings bank, or some shares in a railroad or an industrial corporation. This wide distribution of property is the sure defence of the American people against Socialism.

It is a mistake to suppose that the democracy dislikes rich men, provided it believes their riches have been honestly and fairly acquired. The democracy is beginning to see, and will soon fully understand, that inequality, not equality, of possessions is the inevitable result of freedom. Democracy will not interfere in the future with the pursuits of the rich man. It will approve of appropriate splendors in the private life of rich people, such as galleries, libraries, yachts, equipages, and great houses and estates.

Indeed, the actual democracy of to-day positively dislikes a stingy rich man, and approves of the free-handed rich man who spends liberally on his family and his household, provides for himself and his friends refined pleasures, and gives away money for good objects with generosity and a personal interest in the recipients.

Capital which buys and sells fairly and publishes all its doings has nothing to fear from democracy in the future. On

the contrary, it has much to gain from a thorough publicity in regard to all its proceedings. At present the public is far from comprehending how rapid the destruction of capital is in the great modern industries, how much of the accumulated savings of each generation is destroyed by fire, by wear, by the substitution of improved machinery for

7 Let's find some

that actually in use, and by thoughtless waste. Knowledge of these incessant destructions should be brought home to the democracy; so that they may realize what the pressing need of new capital means in all great undertakings, and how much intelligence and energy must constantly be brought into play to secure the new capital needed, and to make use of it to the best advantage.

In another respect capital will derive great advantage from publicity in accordance with law. If accompanied by sound public accounting, it will tend to make profits steadier and business therefore more stable. This greater stability or steadiness is a great object for capital as well as for labor. For the employees the stability of an industry means steady work, and that steady work is a great

moral as well as material object. In many industries the mass of the laboring people already perceive that it is their interest that the capital necessarily employed in the industry should receive a steady and adequate return. Nobody likes to work for a person, firm, or corporation whose business is fluctuating and insecure. The employer must have a steady income, in order that the employee should feel a comfortable security for his own earnings. In the absence of publicity, employees may suspect their employer of making an unreasonable or unfair profit at their expense. Under a régime of publicity there would be no possibility of this distrust or suspicion, and all employees would wish for evidence that their employer was doing a sound and profitable business. Already some

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American industries in which strict accounting and a moderate degree of publicity have been introduced supply evidence that the employees desire that the capital invested receive a fair return. Thus, railroad employees are inclined to resist unreasonable reduction of passenger and freight rates on the railroads where they are employed. They prefer to work for a railroad which earns a profit, and whose stock has a good standing in the market. In short, publicity concerning the management of corporations and concerning the use made of other masses of capital is not only essential to the abolition of industrial strife, but also to the establishment of right coöperative relations between capital and labor; and from that publicity capital as well as labor would reap large and solid advantages.

When the capitalist class as a whole is strongly influenced by the desire to promote the real welfare and happiness of the workmen they employ, they will invariably take thought for the means of providing their workmen with permanent homes which are not only wholesome, but cheerful, and suitable for the bringing up of a family. This provision means much more than the building of good cottages, although that is an essential feature of it. It covers a careful layout of the manufacturing suburb with good streets well-paved, well-lighted, and provided with serviceable sewers and a trustworthy water supply. It means an adequate number of playgrounds and public gardens. It means also contributions to schools, churches, and buildings for recreation and social enjoyment. It is

not expedient, however, that the same corporation which owns and carries on the mill, the shop, or the works, should also own the houses occupied by the workmen. Either the workmen should be encouraged and helped to own their houses, or a separate corporation should build the houses and lease them to the workmen. Moreover, houses should never be let to workmen at rents which do not yield a fair return on the capital invested in the houses. If rents are below real value, the owners are either exercising charity towards their tenants, or they are substituting an indirect payment of wages through a reduced rent for payment in cash of the wages earned. Either course of conduct is in the highest degree inexpedient. Self-respecting workmen do not want charity,

and they greatly prefer the direct payment of their full wages to any indirect payment of a part of them.

Much of the so-called welfare work now done by corporations, partnerships, or persons who carry on large industrial establishments, is partially vitiated by the apprehension on the part of the employees that it has a charitable or patronizing quality rather than a real economic value. As a matter of fact it is emphatically the interest of the employer to contribute in every possible way to the keeping of his establishment wholesome, tidy, and cheerful. It is his interest to do so, because thereby his working force is made more efficient. In democratic society capital and labor should be absolutely of one mind on this subject; but to this end it must be dis-

tinctly understood on both sides that welfare work is not only a matter of good will and humanity, but also an effective mode of promoting efficiency and productiveness.

Interference with steady work by bad financial management, by insistence on exercising the power of instant dismissal, or by making arbitrary dismissals for no assignable cause, are very serious mischievous influences which may proceed from unwise employers. The unnecessary closing of some works belonging to a syndicate or trust, in order to increase the profits in other works selected to be maintained, is another grave injury to employees, because the apprehension of such closings tends to prevent the employees from acquiring permanent homes and local attachments. It is impossible

for any factory or shop to build up a trustworthy and permanent set of skilled employees, if there is no certainty that the factory or shop is itself to be permanent. In all the higher employments, such as those furnished by well-established banks, insurance companies, railroads, and mills, the employees may reasonably feel that the employer is a durable or permanent one, and this sense of security is a large element in their well-being.

A frequent cause of contentions between employers and employed is the lack of a proper system throughout the employer's establishment of dealing with complaints and grievances. The prudent and just employer will always be careful to provide his employees with ready access to a disinterested official whenever

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the employee feels that he has been unjustly treated by his immediate superior, or by any of his mates; and there should always be an appeal from the decision of the first official, to whom the complaint is brought, to a higher officer.

In many well-conducted commercial and industrial establishments it has already been found possible to refer complaints and grievances in the first instance to a committee chosen from the employees by the employees. In some instances the final decision on complaints is given by such a committee. This is a democratic method which is desirable in all industries in which the necessary discipline can be maintained in that manner. There are unquestionably some industries which require such a high degree of coöperation and such a strict discipline that it would

not be safe to give final power for the adjustment of complaints and grievances to a committee of the employees, unless that committee contained several grades of employees. Recognizing clearly the fact that the discipline needed in different industries must necessarily have different degrees of strictness and inflexibility, capital will still find ample room for a large increase of considerate dealing with complaints and grievances, and will find its interest in accepting to the utmost possible limit democratic ideas on this subject. In particular, it is almost invariably wise to procure the assistance of the employees in making shop regulations, because the working regulations of an industrial establishment may be so conceived—indeed they often are—as to kill the spirit of coöperation

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and loyalty between employers and employed. The capitalist who really desires to secure content and good feeling throughout his establishment will always consult his employees frankly and freely with regard to shop regulations. Such consultation is as much his interest as theirs. On the other hand, special instances of effective loyalty and good will among employees should always be promptly noticed and rewarded, as should also be inventive contributions to the intelligent conduct of the works or of any department thereof.

Much has already been said of the educational function of managers of great industries. There is an important part of this educational function which is not always thought of in that way, namely, the protection of the mass of employees

from temptation to do unfaithful work, or to rob the employer by wasting the time he pays for, or by pilfering from the establishment. It is the bounden duty of all employers to protect the people they employ from all these temptations to wrong-doing. In particular, all employees who of necessity handle money belonging to the employer should be protected against the temptation to take some of it. It is the duty of the employer to provide every possible restraint and check on those dishonestly inclined, and every possible means of demonstrating and maintaining the honesty of the upright. Cash registers and all other contrivances for recording audibly and visibly cash receipts, time clocks and watchmen's clocks, and all methods of accounting for the exact number of

tickets sold, for pieces of goods issued, or for the daily expenses and sales of traveling agents, are means toward the discharge of this duty of employers to make stealing and unfaithfulness difficult if not impossible, and to give the faithful man the means of demonstrating his fidelity. For similar reasons it is the duty of employers to provide an adequate amount of supervision of the daily labor of their workmen, and to resist strenuously all tendencies towards shiftless, sluggish, uninterested, and therefore inefficient, labor. This is a duty towards the employees themselves, and not merely towards the proprietors or shareholders whose capital is employed in the business. All this is only one application of the general democratic doctrine that capital should take thought for the true

welfare of all the men and women it employs, and should therefore promote steadily the honor and fidelity of all its employees.

It is interesting to note that the true principles of satisfactory employment in the great national productive industries, such as the textile, mining, and metal industries, are those which already obtain in the highest employments, such as the learned and scientific professions, and the professorial function in colleges and universities. In those occupations one finds the possibility and probability of establishing a permanent home and family life, of obtaining an increasing income as life advances, of winning an improving lot, of profiting by one's own intelligence, alertness, and fidelity, and of exhibiting loyalty and good will at work, and so

obtaining an increasing consideration among one's fellows and employers. These being the very things which make the higher occupations desirable, they must be the things which would make the lower occupations more desirable. It is only by the combined efforts of capital and labor, working harmoniously to ethical and democratic ends, that this result can be attained.

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In order to be truly serviceable in the best sense to democratic society, capital must not only abandon monopoly seeking and uncontrolled monopolistic management itself, but must also support democracy in its resistance to monopolies in general. The most dangerous monopolies for democratic society are the monopolies of all the labor in a great variety of trades, monopolies which have come

into existence on a formidable scale within recent years. They are doubly formidable because when successfully organized they not only control prices, but also admission to the trades. It is the duty, therefore, of capital in a democracy to resist steadily the monopolies of labor created by trades unions, and to deprive those monopolies of the means and instruments through the use of which they obtain such monopolistic powers. These means or instruments are the closed shop, the boycott, and the union label. It is in the interest of democracy itself that capital should oppose these monopolistic tendencies of labor; for the strongest and most comprehensive desire of democracy is for the progressive development of freedom for the individual, and of free institutions, and the

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thoughtful democracy of to-day accepts absolutely Louis Pasteur's definition of freedom—a state in which every one is permitted to develop freely and to apply his utmost powers.

Modern democracy believes also that every person can and should promote the interests of all while seeking his own, and that all can and should promote the interests of each. Democracy believes in the free pursuit of natural happiness and durable satisfactions; but that free pursuit becomes impossible if the productive labor of the community is divided into rigid monopolistic groups, which limit admission to the several trades, control prices, and at pleasure order their members to stop working. The mass of the consumers are not in condition to control effectively the policies and move-

ments of monopolistic labor organizations, because they are an unorganized mass. Capital through its numerous firm organizations can effectively resist labor monopolies, and should do so in the interest of the consumers and of the community at large. In order to resist effectively they must appeal to public opinion through the best channels of publicity, and must bring into play the slow-moving forces of courts and legislatures. In taking such measures capital should be recognized as the friend and servant of democracy—that is, of freedom and the rights of man. Do it?

The resistance of capital to labor monopolies is already manifested in several different ways. In some industries it is possible to maintain successfully the open shop—that is, shops or works in

which union men and non-union men can work successfully side by side. In other industries it is possible for trusts, corporations, or partnerships, to maintain unionized factories or works, and also factories or works having the same product in which all the hands are non-union, each sort being in competition with the other. In other words, the same owner may carry on some unionized shops or factories and some in which all the labor is non-union. This method has the advantage of permitting the owner to find out in the course of years which sort of labor is the most profitable—a question concerning which there are many opinions or guesses, but few facts based on long experience. A third mode in which capital can resist labor monopoly is also already in evidence. Be-

cause of the present wide distribution of mechanical power through electricity, and of the very common use of the telegraph and telephone, manufacturers are much freer than they used to be to establish their "plants" outside of cities and in the open country, where the men and women who work in the factories can make permanent homes and have a more wholesome life than is possible for operatives in crowded cities. A manufacturing population placed in the country is much more likely to be independent and frugal, and to develop strong local attachments, than a population crowded into tenements and city streets. The spreading out of a manufacturing population over large areas under the leadership of capitalistic associations will in time build a strong defence against labor monopolies.

This doctrine of the duty of capital to resist the monopolistic features of trades unionism assumes that trades unionism no longer needs to resort to strikes, attacks on non-union men, boycotts, and union labels in order to obtain fair wages, reasonable hours of labor, and the wholesomeness of the places where work is done. Publicity will accomplish these and all other reasonable ends which trades unions have proposed for themselves. In these days the object of the monopolistic policies of trades unions is to get higher and always higher wages, in short, to make more money; but so far as this object is a reasonable one, it can best be obtained through publicity and through the development of a truly coöperative spirit between capital and labor.

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That democracy will in the future take all necessary steps to secure as far as possible the welfare of workmen in all the great industries of the country may be safely inferred from what democracy has already done in that direction. It has already imposed wise limits to the hours of work of men, women, and children by the day and the week. It has passed laws securing adequate ventilation in mills and shops, proper sanitary arrangements, guards for dangerous machinery, and seats for workpeople who can sit at their work. It has made employers responsible for injuries to employees, and has thereby created a new branch of insurance, casualty insurance; and the managers of this new insurance business employ numerous inspectors of boilers, engines, elevators,

who secure this

fly-wheels, and machine tools, and distribute information about safety devices and the means of preventing accidents. To be sure, the United States is far behind Germany in regard to workmen's compensation insurance; but this is only due to the comparative slowness of democratic government in adopting novel legislation, even that which is obviously beneficial. Democracy has already given mechanics and other workmen special advantages in collecting the money due them—witness the numerous acts relating to mechanics' liens. Public provision has been made in many States for the inspection of factories and small shops, and although this public service is not yet as efficient as it ought to be, it clearly indicates that democratic government can be relied on in the future to exercise

efficiently this useful supervision. The boards of health established by democratic legislation in many States prophesy the enlargement in the future of medical supervision of many trades and arts in the interest of the whole body of consumers as well as of the workmen employed in those trades. The supervision by public officials of bakeries and slaughter-houses, and of the marketing of animals, meats, vegetables, and fruits, warrants a confident expectation that wholesome conditions of productive labor are going to be insisted upon by democratic government. So much in regard to the future may be safely inferred from the experience of recent years. These good ends are to be accomplished in the future by legislation made effective by public officials. There will be

no causes of dispute of this sort between employers and employed, and neither strikes nor any other forms of violence will be necessary to secure wholesome and equitable conditions of labor. The only weapon needed to secure suitable conditions of labor in either old or new industries will be publicity.

The proper proportion of the wages of labor to the interest on capital will be in the future the main cause for contention between employees and employers. On this subject joint agreements will doubtless be useful, and arbitration may sometimes be resorted to when a dispute over wages has reached the stage of active warfare; but it is to be hoped that industrial disputes will result in warfare less frequently in the future than in the past, partly because of the

abandonment by unions of their monopolistic practices, and partly because of the increased publicity given to the accounts and methods of manufacturing establishments.

The wages boards and industrial courts which have been tried in Australia have not yet proved their usefulness as means of preventing industrial war even in that exceptional community; and they are unpromising, because they presuppose strong unions which have succeeded in enforcing a preference for union over non-union men. Australian legislation on old-age pensions is unattractive to people who have confidence in the fundamental good effects of democracy, not only on industrial life but on social and family life. A law which provides for a person sixty-five years of age, who has

been resident in the state for twenty-five years, a pension of \$2.50 a week, but undertakes to compel near relatives to contribute to this pension by conducting a public inquiry into the circumstances of the pensioner, is not attractive to persons who believe democratic society likely to be more prosperous and more moral than any other. Modern political philosophers hope that democracy will root out the physical and moral causes of inefficiency, poverty, and misery, so that the number of the defective and dependent classes shall be largely reduced. It is reasonable to hope that preventive medicine will make even greater progress in the twentieth century than it did in the last quarter of the nineteenth, and by its efficient service reduce the amount of sickness and the number

of premature deaths which now bring many families temporarily or permanently to destitution.

The motto of Switzerland—each for all and all for each—expresses concisely the fundamental belief of democracy that every one can and should promote the interests of all while he seeks his own, and that all can and should promote the interests of each. This belief is inconsistent with the conception that there is real antagonism between the interests of capital and of labor. The last ten years have witnessed much progress toward the abolition of that deplorable conception. It is for the democracy of the future to abolish it altogether.

The establishment of right relations between capital and labor will not pre-

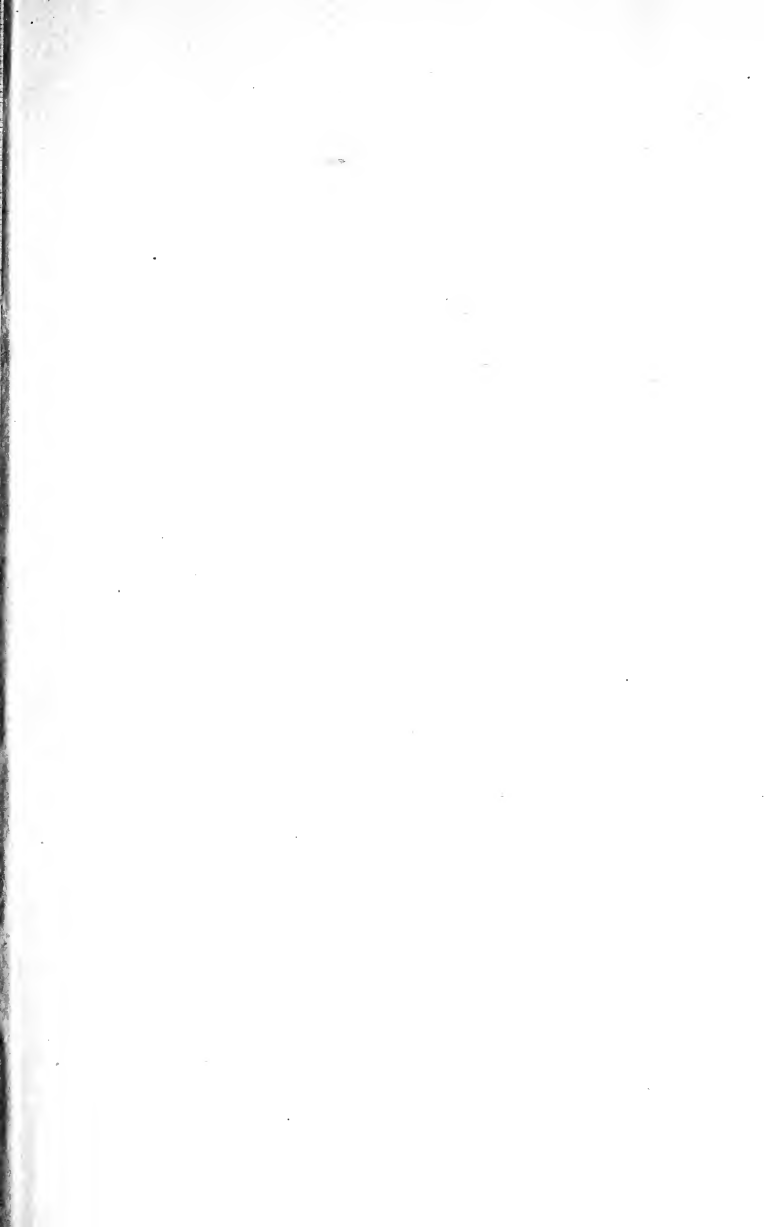
vent—indeed may promote—the production in every generation of a small number of rich men, the men who have a natural gift for money-getting and business administration. What will the democracy ask and expect of these rich men? First, that they share their peculiar pleasures and privileges with the public to the utmost degree possible without destroying their own enjoyments. Secondly, that they use for the public benefit a fair proportion of the wealth they owe in part to free institutions and the collective action of the communities to which they have severally belonged. In other words, democratic society will expect that great fortunes, which have been made under the protection of public law out of natural public resources and the needs and habits of the total popula-

tion, shall be unselfishly used in part for the promotion of public interests. The democracy will expect its rich men to contribute liberally to hospitals, asylums, dispensaries, schools, museums, churches, theatres, music, and the fine arts, and to help secure to public use gardens, groves, shore paths, mountain trails, ponds and streams, parks, and wide prospects. Already in the United States many rich men, sharing the democratic ideals, meet generously these expectations of the democracy. The future will see the extension of these good works of the rich in democratic society.

The democratic ideals and tendencies concerning capital and labor are not to be realized to-morrow. That realization needs time and patience. The present

duty of patriots is to comprehend them, pursue them, and look forward with confident expectation to their ultimate fulfilment.





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